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FINANCING OF THE UNITED NATIONS MISSION FOR THE REFERENDUM IN WESTERN SAHARA

FINANCING OF THE UNITED NATIONS OBSERVER MISSION IN EL SALVADOR

FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCE IN CYPRUS

FINANCING OF THE UNITED NATIONS OBSERVER MISSION IN GEORGIA

FINANCING OF THE UNITED NATIONS MISSION OF OBSERVERS IN TAJIKISTAN

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financing of the United Nations Observer Mission in El Salvador (ONUSAL) (A/50/735), the United Nations Mission for the Referendum in Western Sahara (MINURSO) (A/50/655 and Corr.1), the United Nations Mission of Observers in Tajikistan (UNMOT) (A/50/749), the United Nations Observer Mission in Georgia (UNOMIG) (A/50/731) and the United Nations Peace-keeping Force in Cyprus (UNFICYP) (A/50/722 and Corr.1). These documents contain the performance reports of the various peace-keeping operations mentioned above. During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General who provided additional information and clarification.

2. In view of the time constraints facing both the Advisory Committee and the Fifth Committee at this stage, and the need to ensure that documentation be kept to a minimum, the Advisory Committee is presenting its separate reports on

each of the peace-keeping operations referred to above under the cover of one document. This in no way implies the amalgamation or combination of the treatment of any aspect of the financing of these operations. Reports of the Advisory Committee on the performance of a number of other peace-keeping operations, which have not yet been taken up by the Committee, will be issued shortly. In its separate consideration of each of the reports submitted by the Secretary-General, the Advisory Committee noted a number of emerging trends and budgeting practices that are common to most, if not all, the peace-keeping operations listed above.

General observations

3. The General Assembly, in its resolution 49/233 A of 23 December 1994, urged the Secretary-General to submit "in the context of the consideration of peace-keeping budget estimates, the related performance report for each peace-keeping operation for the previous financial period". By the same resolution, the General Assembly requested the Secretary-General to ensure that the reports are based on actual expenditure rather than projected data. The Advisory Committee notes that, while the performance report of UNMOT was "submitted in accordance with that request" (A/50/749 and Corr.1, para. 1), annex I to the report refers to estimated expenditure. Annex I to the MINURSO performance report (A/50/655 and Corr.1) also refers to estimated expenditure.

4. In considering the performance reports, the Advisory Committee has observed that expenditures relating to internal audit have been included in the travel component of some of the operations. The Committee believes that this trend is misleading, especially since in the original budgets for the peace-keeping operations, separate costs for internal audit have not been identified. The Committee recommends that in future all costs relating to internal audit be properly identified in the budget estimates as well as in the performance reports.

5. The Advisory Committee notes that in the main, efforts have been made to present complete and well-prepared performance reports which have taken into account the previous comments of the Committee. The Committee, in particular commends the tabular and graphic presentation of information pertaining to various aspects of the budget. However, the Committee found the quality of the performance reports to be inconsistent; the Secretary-General should address this issue to ensure that the information contained in all performance reports is of a high quality. Moreover, the Committee recalls its comments that it served little purpose for a performance report to include a statement to the effect that savings for one sub-item were partially offset by increased expenditure under another sub-item if the changes were not substantiated and justified. The Committee recommends that information on performance results contained in performance reports should always be stated by comparison with the budgeted amounts.

6. The Advisory Committee believes that there is still a need to better define the relationship between the budget and the performance report. For example, savings and overexpenditures shown against specific items in the performance reports relate to allotments made by the Secretariat and not to amounts appropriated by the General Assembly. Therefore, although there are

overexpenditures shown against certain items, in actual fact there are overall savings (unencumbered balances) against appropriations. This aspect should be explained clearly in the performance reports. In this connection, the Advisory Committee notes that the General Assembly does not appropriate funds by line item. Rather, the Secretary-General has the flexibility to manage the appropriation as a unit. However, the experience of the Committee in reviewing a number of performance reports indicated that there is a need for the Secretary-General to exercise this flexibility in a manner that would not call into question the broad assumptions and the justification previously presented by him regarding the estimates that the General Assembly has approved.

7. The Advisory Committee was informed that overall forecasts of fluctuations in currency exchange and inflation rates are not taken into consideration when peace-keeping budgets are being prepared. However, where specific increases in unit rates are anticipated, these are stated in the cost estimates. Therefore, performance reports show gains or losses resulting from fluctuations in currency exchange and inflation rates.

8. The Advisory Committee has noted a tendency in some instances to charge all or part of the costs of the Secretary-General's travel to a peace-keeping mission to the budget of that peace-keeping mission. For reasons of transparency, the Committee believes that care should be taken to ensure that all costs of the Secretary-General's travel, regardless of the source of funding, can be readily ascertained.

9. The Advisory Committee has also noted that in quite a few of the peace-keeping missions there is a tendency to exceed the budgeted allocation of air operations owing to unplanned use of aircraft. The Committee recommends that particular attention be paid to this issue, with a view to restricting the use of aircraft to essential operational needs. Furthermore, the Committee recommends that the most cost-effective contractual arrangement be made with aircraft suppliers.

10. With regard to public information activities, the Advisory Committee recalls that in its report to the General Assembly at its forty-ninth session (A/49/664), the Committee agreed with the Secretary-General's view that public information activities specific to a particular peace-keeping operation should be financed from the individual peace-keeping budget accounts. However, the Committee also believed that the mandate for such public information activities as could be financed from the budgets of peace-keeping operations should be specifically spelled out in the relevant resolutions of the Security Council.

11. The Advisory Committee notes that for various reasons the estimated resources for public information activities, budgeted for in a number of performance reports it has examined, could not be utilized. Such a situation not only calls into question the operational requirements of a particular public information programme but also the United Nations ability to deliver public information activities relative to peace-keeping operations. The Advisory Committee recommends that special attention be paid to these issues in the preparation of future budget estimates. In this connection, the Committee recalls the comments it made in its first report on the proposed programme budget for the biennium 1996-1997, 1/ in which it recommended a study of the

question in all its aspects and the submission of a policy proposal, including financial implications, to the General Assembly.

12. In its recent consideration of some of the performance reports of peace-keeping operations other than those covered in the present report, the Advisory Committee has noted expenditures allotted for producing the Secretary-General's Blue Book on peace-keeping operations, for which no provision had been made in the cost estimates. The Committee requested additional explanation but no such information was given. The Committee recommends that in future such expenditure should not be presented ex post facto in the performance reports; it should be included and justified in the budget estimates.

13. The Advisory Committee believes that the successful reintegration of Headquarters personnel on mission assignment to regular activities, in accordance with existing regulations, rules and procedures, is important. The Committee intends to monitor this matter closely and, to this end, requests information on this issue during the course of 1996 and each time a report on mission wrap-up is presented.

United Nations Observer Mission in El Salvador

14. The report of the Secretary-General (A/50/735) contains the financial performance of the mission for the periods from 1 December 1994 to 30 April 1995 and from 1 to 31 May 1995, for which the General Assembly had approved an amount totalling $4,747,500 gross for the operation of the mission as well as its liquidation. The performance report indicates an overexpenditure of $842,300 during the period under consideration. The letter dated 20 November 1995 from the Chairman of the Advisory Committee to the Secretary-General is attached as an annex to the present report.

United Nations Mission for the Referendum in Western Sahara

15. The report of the Secretary-General (A/50/655 and Corr.1) contains the financial performance of MINURSO from 1 October 1994 to 30 June 1995. As indicated in paragraph 3 of the report, resources made available to the operation for the period 1 October 1994 to 30 June 1995 totalled $39,711,500 gross ($36,582,500 net), while expenditure for the period amounted to $37,092,900 gross ($34,364,700 net), resulting in an unencumbered balance of $2,618,600 gross ($2,217,800 net). As indicated in the report, the unencumbered balance resulted mainly from delays in the work of the Identification Commission and, as a result, the lower number of international and local staff in the mission area, which led to savings under premises, equipment and supplies and services. These savings were partially offset by additional requirements in the flying hours for the aircraft, reasons for which have been outlined in paragraph 58 of the report, the overlap time during the increased number of rotations of military observers and for spare parts and transport operations and commercial freight and cartage.

16. The Advisory Committee notes that requirements for travel for military observers amounted to an additional $182,100 over the initial cost estimate of $657,200. For reasons indicated in paragraph 2 of annex II to the report, an additional 57 unforeseen rotation trips of military observers accounts for the

additional expenditure. While the Committee appreciates the conditions that may have given rise to this additional expenditure, based on experience gained in this mission area and elsewhere, the Committee believes that these travel requirements should have been better managed.

17. The Committee finds little justification for the items of overexpenditure listed in paragraph 29 of annex II to the report and notes that extraneous items such as travel related to training and auditing have been added to the costs. The Committee believes that not only should there be greater control over unbudgeted and unforeseen expenditure for travel and other items but that the existing machinery for correcting shortfalls should be used. With regard to the expenditure shown in paragraph 29 (m) for two security staff accompanying the Secretary-General to the mission area, the Committee understands that the Secretary-General's overall travel expenditure was pro-rated and a share of the costs was charged to MINURSO. The views of the Committee on the costs of travel by the Secretary-General are stated in paragraph 8 above.

18. The Advisory Committee agrees with the proposal in paragraph 4 of the Secretary-General's report to credit Member States the unencumbered balance of $2,618,600 gross ($2,217,800 net) with respect to the period from 1 October 1994 to 30 June 1995 against their future assessment relating to any mandate period approved by the Security Council.

United Nations Mission of Observers in Tajikistan

19. The report of the Secretary-General (A/50/749 and Corr.1) contains the performance report of UNMOT for the mandate period from 16 December 1994 to 16 June 1995.

20. The General Assembly, by its resolution 49/240 of 31 March 1995, inter alia, appropriated for the operation of UNMOT: (a) $3,251,200 gross ($3,123,600 net) for the period from 16 December 1994 to 26 April 1995 and (b) $10,044,200 gross ($9,547,000 net) for the period from 27 April 1995 to 30 June 1996, to be assessed at the rate of $717,400 gross ($681,900 net) per month, subject to the decision of the Security Council to extend the mission beyond 26 April 1995.

21. As indicated to the Advisory Committee, for the period from 16 December 1994 to 16 June 1995, resources totalling $3,968,600 gross ($3,805,500 net) were provided for the operation of UNMOT, equivalent to the amounts authorized by the General Assembly from 16 December 1994 to 27 May 1995 as follows:

(a) $3,251,200 gross ($3,123,600 net) for the period from 16 December 1994 to 26 April 1995;

(b) $717,400 gross ($681,900 net) for one month from 27 April to 26 May 1995. This monthly amount was derived from pro-rating the appropriation of $10,044,200 gross ($9,547,000 net) for the 14-month period from 27 April 1995 to 30 June 1996.

22. Of the amount of $3,968,600 gross ($3,805,500 net), the estimated expenditure totalled $3,590,000 gross ($3,431,700 net), resulting in an unencumbered balance of $378,600 gross ($373,800 net).

23. As indicated in paragraph 3 of the Secretary-General's report (A/50/749 and Corr.1), the unencumbered balance resulted mainly from lower air fares and a lower number of rotation trips undertaken by military observers; the use of diesel fuel instead of gasoline; the utilization of United Nations Protection Force (UNPROFOR) aircraft rather than the chartering of aircraft, for which no reimbursement was provided to UNPROFOR. On inquiry, the Advisory Committee was informed that the aircraft that had already been hired or chartered for UNPROFOR were not able to operate in the UNPROFOR mission area and therefore their services were diverted to UNMOT as needed. The Committee welcomes such an initiative, which has resulted in overall savings for the Organization.

24. As indicated in paragraphs 8 to 10 of the report under consideration, the Advisory Committee notes that in his report to the Security Council on the situation in Tajikistan (S/1995/799), the Secretary-General indicated that the Afghan officials had agreed that UNMOT could open a small liaison post in Taloqan (northern Afghanistan) with the exclusive task of dealing with the Tajik problem. Accordingly, the Secretary-General proposed that the liaison post be established once discussions with the Afghan authorities had been concluded. In the same report, the Secretary-General had indicated that as a result of the establishment of the posts in Vanj and Taloqan, it would be the intention of the Secretary-General to seek budgetary authority for a small increase in UNMOT staff of five military observers and three civil affairs officers. In his statement of 6 November 1995 (S/PRST/1995/54), the President of the Security Council agreed with the Secretary-General's proposals.

25. On inquiry, the Advisory Committee was informed by representatives of the Secretary-General that the detailed cost estimates for the increase of UNMOT staff of five military observers and three civil affairs officers was currently in preparation. It was anticipated that the estimates would be finalized by early December 1995, at which time it would be determined whether the additional requirements resulting from the strengthening of UNMOT could be met from existing resources, including the unencumbered balance of $378,600 gross ($373,800 net).

26. As indicated in paragraph 12 of the report, the proposed action to be taken by the General Assembly at its fiftieth session is a decision to retain the unencumbered balance of $378,600 gross ($373,800 net) in the UNMOT special account. The Advisory Committee recalls that, with regard to the treatment of an unencumbered balance, the current practice is that it is returned to Member States unless the General Assembly decides otherwise.

United Nations Observer Mission in Georgia

27. The report of the Secretary-General (A/50/731) contains information on the financial performance of UNOMIG for the period from 14 January to 15 May 1995. The report also outlines the actions that would be required to be taken by the General Assembly at its fiftieth session in connection with the financing of UNOMIG.

28. As indicated in paragraph 3 of the Secretary-General's report and in annex I, total expenditure for the period from 14 January to 15 May 1995 amounts to $4,913,600 gross ($4,609,500 net) compared to an appropriation of $6,880,136 gross ($6,468,100 net). The Advisory Committee notes from annexes I and II to the report that the unencumbered balance of $1,966,500 gross ($1,858,600 net) for the period resulted mainly from savings for air operations ($1,413,700), military personnel costs ($158,300), civilian personnel costs ($323,400), transport operations ($36,600), supplies and services ($22,800) and public information programmes ($83,600). These were partially offset by additional requirements under communication equipment ($194,700).

29. With regard to the savings under air operations, the Advisory Committee was informed that these were due to the fact that the contractor did not have permission to land in all countries of the mission area. In view of the need for the air operation by the mission, the Committee regrets that this problem was not rectified promptly. In this connection, it is the view of the Committee that, in order to minimize similar problems in the future, before a contract is awarded, the Secretariat should ensure that a contractor fulfils all the conditions of the contract.

30. The Secretary-General is requesting the General Assembly to decide to retain the unencumbered balance of $1,966,500 gross ($1,858,600 net) for the period from 14 January to 15 May 1995 in the light of the outstanding assessed contributions. In this connection, the Advisory Committee was informed that, as at 15 November 1995, outstanding assessed contributions amount to $2.4 million out of total net assessments of $26 million. The Committee recalls that with regard to the treatment of the unencumbered balance, the current practice is that it is returned to Member States unless the General Assembly decides otherwise.

United Nations Peace-keeping Force in Cyprus

31. The report of the Secretary-General (A/50/722 and Corr.1) contains the financial performance of UNFICYP for the period from 1 January to 30 June 1995. As indicated in the summary, an amount totalling $21,916,600 gross ($21,503,300 net) was approved by the General Assembly for the operation of the Force for the period under consideration, inclusive of the one-third share of the cost of the Force to be met through voluntary contributions from the Government of Cyprus and the annual pledge of $6.5 million of the Government of Greece. Expenditure totalled $22,249,600 gross ($21,848,100 net), resulting in an overexpenditure of $333,000 gross ($344,800 net).

32. As indicated in annex II to the Secretary-General's report, the overexpenditure of $402,900 for rations resulted primarily from a change in the supplier of rations from the British Forces to a commercial supplier. Prior to the commencement of the commercial rations contract on 1 February 1995, the three contingents were authorized to overdraw an additional 25 per cent of their monthly consumption for December 1994 and January 1995 in order to stockpile and ensure a smooth change-over of supplier. The Advisory Committee believes that since the change-over was expected during the mandate period, the additional expenditure that had been anticipated should have been budgeted for. In fact, in this connection, the Committee recalls that it had been informed that rations

being provided by the British Forces at the rate of $4.50 per person per day would be discontinued after 31 January 1995 and therefore the budgeted amount for rations for the period 1 January to 30 June 1995 would be at the rate of $5.93 per person per day (see A/49/781).

33. On inquiry, the representatives of the Secretary-General informed the Committee that the claim presented on 21 April 1995 for rations for the period from 16 June to 31 December 1994 showed a rate of $5.75 per person per day instead of the budgeted amount of $4.50 per person per day. The increase was not reflected in the performance report for the period from 16 June to 31 December 1994 and has been carried over into the performance report under consideration.

34. An overexpenditure in the amount of $2,900 for mission subsistence allowance has been reported as a result of an overlap in the rotation of civilian police. The reason for this overlap has not been provided and the Advisory Committee believes that in a long-established operation such as UNFICYP unplanned activities should be at a minimum. Furthermore, greater managerial control should be exercised. Expenditure for items such as utilities should also be carefully budgeted and kept under control, while savings reported under data-processing equipment are not actually savings since freight charges have not yet been claimed by the United Nations Logistics Base at Brindisi for these items.

35. The Advisory Committee notes that there has been an overexpenditure of $589,700 in respect of contractual services through the United Kingdom Command Secretariat for locally employed civilians (LECs).

36. The Advisory Committee recalls that of the 318 local civilian posts budgeted for the period from 16 June to 31 December 1994, only 305 had been filled and that no vacancy factor had been taken into account. Consequently, for the period from 1 January to 30 June 1995, the Committee had recommended a reduction in the estimates for this item on the basis of a 2 per cent vacancy factor. The Committee therefore does not believe that the total number of 318 local posts, as shown in paragraph 10 (a) (ii) of annex II to the Secretary-General's report, are occupied.

37. Furthermore, the Advisory Committee recalls that locally recruited personnel for UNFICYP had been obtained through contractual services from the United Kingdom Command Secretariat because, even taking account of the administrative charge payable by UNFICYP, the services thus obtained were more economical than they would have been if UNFICYP were to hire local personnel directly. In this connection, the Committee recalls its comment that this exceptional arrangement would be monitored and would continue only as long as it was cost-effective (see A/48/907). In this connection, the Committee understands that pre-employment medical examinations had been completed for converting 300 personnel previously obtained through contractual services to locally recruited UNFICYP staff; accordingly, an additional expenditure of $51,700 is shown against medical treatment and services.

38. The Advisory Committee questioned the overexpenditure relating to contractual services, in particular the payment of separation costs, including

indemnity payments and travel and bonus payments. The Committee was informed that LECs have been provided by the British Forces Cyprus since 11 December 1974 to 30 June 1995. These LECs were employed by the Civilian Establishment and Pay Office (CEPO) of the British Forces Cyprus and were under a labour contract that was subject to the CEPO regulations and conditions of employment, including entitlement to terminal benefits, gratuity and indemnity payments. Under their terms of employment, the LECs were also entitled to an end-of-year bonus and reimbursement for travel costs in connection with carrying out their duties in the buffer zone.

39. The arrangement whereby CEPO provided locally employed civilians to UNFICYP was part of the United Kingdom logistics support to the Force established by the provisions of paragraph 4 of the Memorandum of Understanding signed by the United Nations and the Government of the United Kingdom of Great Britain and Northern Ireland on 11 December 1974. All administrative costs, including salaries, incurred by CEPO in providing the LECs (except for the charges incurred by the United Kingdom) were charged to UNFICYP together with an administrative fee, by the Government of the United Kingdom through the regular logistic-support billings.

40. On inquiry, the Advisory Committee was informed that in connection with the conversion of the LECs to United Nations local staff, legal advice from the Office of Legal Affairs had been sought regarding the question of liability for terminal benefits for the LECs; the issue has not been resolved to date. The Committee was informed that the claim for reimbursement of the costs for the LECs for the period from 1 January to 30 June 1995 had not yet been paid.

41. In paragraph 6 of his report, the Secretary-General outlines the proposed actions to be taken by the General Assembly at its fiftieth session in connection with the financing of UNFICYP. In the opinion of the Advisory Committee, there is no need for appropriation of an additional amount of $218,067 gross ($229,867 net) at this time, especially since the indemnity payment to locally employed civilians (estimated additional expenditures of $301,300, see A/50/722 and Corr.1, annex II, para. 10 (ii)) is under legal review. Such additional appropriation as may be necessary should be reflected in the performance report for the period July to December 1995.

Notes

1/ Official Records of the General Assembly, Fiftieth Session, Supplement No. 7 (A/50/7 and Corr.1), para. VII.21.

ANNEX

Letter dated 20 November 1995 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has considered your report (A/50/735) on the financing of the United Nations Observer Mission in El Salvador (ONUSAL). The report contains the financial performance reports of the mission for the periods from 1 December 1994 to 30 April 1995 and from 1 to 31 May 1995 for which the General Assembly had approved an amount totalling $4,747,500 gross for the operation of the mission as well as for its liquidation.

As indicated in the report, during the period there was an overexpenditure of $842,300 gross for which ex post facto commitment authority is being sought. The Advisory Committee understands that the shortfall will be financed from savings from prior mandate periods.

The Advisory Committee also understands that the final performance report on ONUSAL, including its liquidation, will be submitted to the General Assembly in the first quarter of 1996. The Advisory Committee intends to consider both reports at that time and will submit its views on the performance and liquidation of ONUSAL, including the conditions that gave rise to the additional requirements of $842,300.